

Are Your Married Members Missing Out?

Optional Spouse Coverage Bridges Family and Regular Spouse Benefit Payments

FOR MANY PEOPLE, financial duress compounds the hardship of losing a loved one. SDRS benefits ease the economic stress that surviving families and spouses may experience, but often there is a gap between the dates when family benefit payments end and regular spouse benefits begin.

Family benefits are usually paid until the deceased member's youngest dependent turns 18. Regular spouse benefits do not begin until the surviving spouse turns 65. To maintain payment of benefits between those dates, SDRS members can choose to purchase additional coverage. Purchase of this optional spouse coverage is made through an automatic monthly payroll deduction of 1.2 percent of the member's salary. There are three opportunities for members to enroll in the program:

- New members of SDRS may enroll in the optional coverage any time within the first 365 days of membership, or
- any member married a year or longer may enroll within 90 days after reaching age 35, or
- newly married members of any age may enroll within 90 days of their first wedding anniversary

Members can withdraw from the optional spouse coverage program at

any time. However, no reimbursement of premium payments is available and coverage stops at the time of withdrawal from the program.

Reminding Members to Enroll

SDRS sends letters to new members and to members turning 35 years old to remind them of their enrollment opportunities.

Authorized agents can help all members take advantage of the optional coverage by making sure everyone is informed about the enrollment windows. Enrollment in optional spouse coverage is also a good opportunity to prompt members to update their named beneficiaries.

Is Optional Spouse Coverage Cost Effective?

In the unusual circumstance of a member having a completely and permanently disabled dependent, additional spouse coverage may not be needed, as family benefits continue beyond the child's 18th birthday, perhaps even until the surviving spouse starts receiving regular spouse benefits at age 65.

In all other situations, cost-effectiveness of optional spouse coverage depends on the number of payments made before the surviving spouse turns

65. If the member has no children, optional spouse coverage begins immediately upon the member's death. Consequently, if the member has children, optional spouse coverage begins when the youngest dependent turns 18 and the family benefit ends. If the gap between family and regular spouse coverage is only a few years, members may find other savings vehicles that provide better interim financial protection for their spouses.

UpDate



SDRS sends letters to new members and to members turning 35 years old to remind them of their enrollment opportunities.

Members Must Keep Beneficiary Information Current

Survivor Benefits Provide Security to Members' Families

FOR MANY FAMILIES, the death of a loved one causes the loss of income at a difficult time. To ease this hardship, SDRS provides monthly financial support to members' survivors.

If an eligible member dies while contributing to SDRS or while receiving an SDRS disability benefit, the system pays a **family benefit** or a **spouse benefit**.

Family and Spouse Benefits

For a member's survivors to qualify for family or spouse benefits, the member must

- be a contributing member at the time of his or her death
- have at least one year of credited service
- be less than 65 years old (55 years old for Class B Public Safety members) or be receiving disability benefits from SDRS; if a member working past his or her normal retirement age dies, the spouse may be eligible for a retirement-based survivor benefit.

A **family benefit** is paid when unmarried dependents claimed on the member's most recent income tax return are

- living at home
- either under age 18 or permanently and totally disabled

If the member is survived by a spouse, the family benefit is calculated as 40 percent of the member's final average compensation plus an additional 10 percent per child up to six children, reduced by 75 percent of the member's primary Social Security benefit.

When there is no surviving spouse, the family benefit is calculated as 20 percent of the member's final average compensation per eligible child to a maximum of five children, reduced by 75 percent of the child's primary Social

Security benefit. The family benefit is paid to the child's legal conservator.

The family benefit cannot exceed 100 percent of the member's final average compensation.

As each child reaches age 18, the family benefit is reduced accordingly, ceasing altogether when the youngest child turns 18 except when an unmarried dependent is permanently and totally disabled. In such cases, family benefits continue regardless of age.

A **spouse benefit** is paid when the member's surviving spouse reaches age 65. This benefit equals 60 percent of the member's projected lifetime retirement benefit and is calculated using the normal retirement formula.

The compensation used in the formula is the member's final average compensation at death, plus annual cost-of-living adjustments until the member's 65th birthday (55th birthday for Class B Public Safety members). The credited service used in the formula is the years of service the member would have earned had he or she remained a member of the system until age 65 (age 55 for Class B Public Safety members).

If a member dies after retirement or after reaching normal retirement age, SDRS immediately pays a survivor benefit to his or her spouse.

Survivor Benefit

If a member dies after retirement or after reaching normal retirement age, SDRS immediately pays a **survivor benefit** to his or her spouse.

A retired member's husband or wife is eligible for a survivor benefit provided

the couple

- were married for at least 12 months prior to the member's death and
- were married prior to the member's retirement

For example, a person married to a member for only nine months prior to the member's death would not be eligible for a survivor benefit, nor would a person who married a member after the member retired, regardless of the length of time the couple were married.


This survivor benefit is 60 percent of the benefit being paid at the time of the member's death and continues with the COLA for the spouse's lifetime.

Surviving spouses of active members who worked past normal retirement age also receive this benefit. In such cases, the benefit amount is based on the benefit the member would have been receiving if he or she had retired.

If both the member and his or her spouse die before the spouse has received the member's accumulated contributions, the member's named beneficiary, children or estate receives the balance.

Current Information Essential to Timely Benefits

As an authorized agent, you can help ensure members' families receive the SDRS benefits to which they may be entitled by encouraging employees to keep their addresses and beneficiary information up to date. Accurate information helps SDRS provide benefits promptly to the intended recipients.

Members can change information about their beneficiaries using the Beneficiary Designation Form (E-5). For more information or to replenish your supply of forms, contact SDRS at SDRSWeblink@state.sd.us or call (605) 773-3731 or toll-free 1-888-605-SDRS. 

Retirement Planners Bring Services to Members Across State

A DESIRE TO HELP PEOPLE drew both Patrick Steffensen and Travis Almond to their positions as retirement planners for SDRS. "I was working in banking operations and missed personal contact with customers," says Steffensen. "This job offered me the chance to interact with people all the time."

Almond says that when he saw the position with SDRS advertised, "I knew immediately it was what I wanted to do." With a background in financial planning, Almond recognized that many people need assistance in dealing with retirement issues.

Their commitment to helping people puts Steffensen and Almond on the road nearly every week to conduct retirement planning seminars and individual counseling sessions for SDRS in every corner of the state. "To members worried about financing their retirement or confused about the process of retiring," says Almond, "we bring peace of mind."

Seminars and Sessions

Although all eight retirement planners on the SDRS staff are available for consultation either by phone or in person at the SDRS office, Steffensen and Almond travel regularly to meet with members close to their homes. The entire year's schedule for regional

seminars and individual counseling sessions is posted on the SDRS Web site, www.sdrs.sd.gov, to facilitate planning and making appointments.

"In our regional seminars, we give an overview of SDRS and explain the features of the system," says Steffensen. "Additionally, we encourage members to think about related issues such as supplemental retirement savings, health insurance and using the financial planning tools available through links on the SDRS Web site."

"Individual counseling sessions give members an opportunity to sit down with us face-to-face and discuss personalized savings strategies and retirement options," says Almond. "When members make an appointment for a session, they tell us what they want to achieve, and we tailor our session to address their concerns. Typically a member asks, 'Is it feasible for me to retire by this date?'"

Planners prepare for the individual sessions by reviewing a member's SDRS account and producing a retirement benefits estimate. However, members bring additional information to the session, such as a Social Security benefit estimate, a credited service purchase contract or records of personal retirement savings, to develop a more accurate, detailed picture of their retirement future. All information discussed is absolutely confidential.

Signing Up

Shortly before planners are scheduled to be in an area, SDRS sends letters to members' homes announcing the dates and encouraging members to make an appointment for individual counseling sessions. Appointments ensure that planners can prepare for the sessions and have sufficient time to counsel members. Members make an appointment by calling the SDRS office

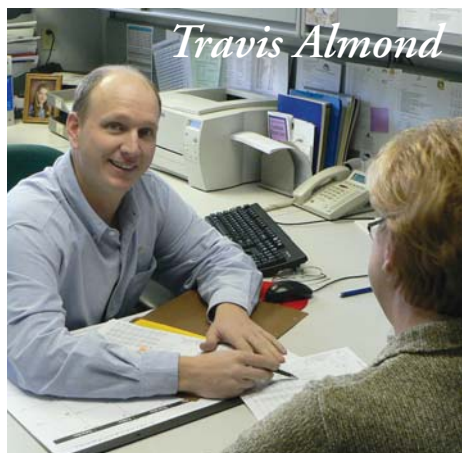


toll-free at 1-888-605-SDRS or (605) 773-3731.

Also shortly before the date of the planners' visit, authorized agents receive a flyer which they can reproduce for distribution and posting in the workplace.

"The information we bring helps authorized agents explain the retirement aspects of an employer's benefit package," says Steffensen. "Promoting attendance at the seminars can reduce the number of questions that authorized agents are asked. And of course, attendance by agents themselves is an easy way to keep up to date on matters relating to SDRS."

To further assist authorized agents, SDRS' retirement planners respond to invitations for special presentations or for events such as benefit fairs. SDRS also acts on suggestions for improving member services. In 2007 SDRS will launch workshops that were designed following seminar participants' requests for more hands-on sessions in small groups. The workshops may involve representatives from Social Security and the Supplemental Retirement Plan as well as from SDRS and can address specific concerns such as retirement planning for members in mid-career, debt management and retirement issues common among women. **Up Date**



SDRS STATE-WIDE INDIVIDUAL COUNSELING SCHEDULE

SCHEDULE DATE	COUNTY	LOCATION	ADDRESS	DEADLINE TO SCHEDULE
February 27, 2007	Todd	Mission, Administration Building	School Campus	February 22, 2007
March 6, 2007	Charles Mix	Platte, 1st Fidelity Bank	501 Main Street	March 1, 2007
March 14, 2007	Brookings	Brookings, Staurolite Inn	2515 6th Street	March 8, 2007
March 20, 2007	Edmunds, McPherson	Eureka, Fire Hall	502 F. Avenue	March 15, 2007
March 27, 2007	Pennington	Rapid City (Other than Schools), Quality Inn	1902 N. LaCrosse	March 22, 2007
April 3, 2007	Aurora, Jerauld	Wessington Springs, Community Room	205 Wallace Drive	March 29, 2007
April 10, 2007	Marshall	Britton, Community Building	909 S Main	April 5, 2007
April 17, 2007	Dewey, Faulk, Potter	Gettysburg, Bob's Steakhouse	29336 Hwy 212	April 12, 2007
April 24, 2007	Meade	Sturgis, Philtown Best Western	Exit 32 S Junction	April 19, 2007
May 8, 2007	Grant	Milbank, Super 8	East Hwy 12	May 3, 2007
May 15, 2007	Roberts	Sisseton, Dakotah Bank	321 E Veteran Ave	May 10, 2007
May 22, 2007	Pennington	Rapid City Schools, Ramkota	211 N Lacrosse	May 17, 2007
May 29, 2007	Corson, Perkins, Ziebach	Bison, County Courthouse	100 E Main	May 24, 2007
June 5, 2007	Day	Webster, County Courthouse	711 W 1st Street	May 31, 2007
June 19, 2007	Minnehaha	Sioux Falls Schools, Ramkota	2400 N Louise	June 14, 2007
June 26, 2007	Bon Homme	Springfield, Community Room	605 8th Street	June 21, 2007
July 10, 2007	Lincoln	Canton, Library	225 N Broadway	July 5, 2007
July 17, 2007	Clark, Codington, Hamlin	Watertown, Ramkota	1901 9th Ave SW	July 12, 2007
July 24, 2007	McCook	Salem, REA Room	236 N Main	July 19, 2007
July 31, 2007	Brown	Aberdeen, Ramkota	1400 8th Ave NW	July 26, 2007
August 7, 2007	Beadle, Sanborn	Huron, Crossroads	100 4th Street	August 2, 2007
August 14, 2007	Yankton	Yankton, Kelly Inn	1607 E Hwy 50	August 9, 2007
August 28, 2007	Spink	Redfield, Senior Center	728 Main Street	August 23, 2007
September 4, 2007	Hughes, Stanley, Sully	Pierre, SDRS Office	222 E Capitol, Ste 8	August 30, 2007
September 18, 2007	Clay	Vermillion, Holiday Inn Express	1200 N Dakota	September 13, 2007
September 25, 2007	Harding, Butte	Belle Fourche, Community Center	1111 National Street	September 20, 2007
October 9, 2007	Bennett, Haakon, Jackson, Jones	Kadoka Fire Hall	102 Main Street	October 4, 2007
October 16, 2007	Davison, Hanson	Mitchell, Holiday Inn	1525 W Havens	October 11, 2007
October 30, 2007	Turner	Parker, Community Building	299 N Main	October 25, 2007
November 13, 2007	Union	Elk Point, Community Room	209 E Main	November 8, 2007
November 20, 2007	Kingsbury, Lake, Miner	Madison, Karl Mundt Library	8th & Egan	November 15, 2007
November 27, 2007	Hand, Hyde	Miller, American State Bank	131 N Broadway	November 22, 2007
December 4, 2007	Lawrence	Spearfish, Holiday Inn	I-90 Exit 14	November 29, 2007
December 11, 2007	Campbell, Walworth	Mobridge, Wrangler Inn	820 W Grand Crossing	December 6, 2007

*Individual retirement counseling sessions must be scheduled before noon on this date.

UpDate is produced to communicate the plan provisions, changes in law, and issues of interest to authorized agents of the South Dakota Retirement System. It is published with funds provided through the contributions of teachers, school boards, state government, state employees, county commissions, county employees, municipal governments, municipal employees, and other local units and employees.